

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 EB-07 /017 W
----- 119675

R 300822Z JAN 76
FM AMCONSUL HONG KONG
TO SECSTATE WASHDC 8962
USDOC WASHDC

UNCLAS SECTION 1 OF 2 HONG KONG 1201

E.O. 11652: N/A

TAGS: BEXP, BFOL, HK

SUBJECT: COUNTRY COMMERCIAL PROGRAM FOR FY '77: SECTIONS I,
II AND III

REF: A) STATE A-7369, 12/10/75; B) HK 2104, 2/28/75; C) DRAFT
OF SECTION II AND IV RECEIVED MARCH 20, 1975

1. THIS CABLE IS IN RESPONSE TO THE REFERENCED AIRGRAM REQUIREMENT
FOR RECOMMENDATIONS ON THE CONTENTS OF SECTIONS I, II AND III OF
FY'77 CCP. SECTION I AND II ARE PRESENTED AS INITIAL DRAFTS.
SECTION III IS PRESENTED AS A RESPONSE TO THE CONTENT OF REF C)
AND FOLLOWS IT IN FORMAT INCORPORATING THE NEW PROCEDURES
STATED IN REF. A).

2. SECTION I - OVERVIEW

HONG KONG IS HIGHLY DEPENDENT ON ITS EXPORTS AND TOURISM,
BOTH OF WHICH SUFFERED AS A RESULT OF THE WORLD-WIDE RECESSION.
DURING THE SECOND HALF OF 1975 HONG KONG'S ECONOMY BEGAN TO
RECOVER. ORDERS PICKED UP; EXPORTS IN THE 4TH QUARTER OF
1975 EXCEEDED THOSE OF THE 4TH QUARTER OF 1974. THE U.S. IS STILL
HONG KONG'S MAJOR MARKET. THE INCLUSION OF HONG KONG IN THE U.S. GSP
SHOULD FURTHER CEMENT OUR TRADING RELATIONS. OUR ONLY SIGNIFICANT
COMMERCIAL POLICY PROBLEM WITH THE COLONY IS HONG KONG EXPORTS
TO THE US OF IMPORT SENSITIVE TEXTILES. HONG KONG IS A FREE
MARKET WITH PRICE, AVAILABILITY, QUALITY, ETC. THE DECIDING
FACTORS IN MOST TRANSACTIONS.
THE PRINCIPAL COMMERCIAL GOALS OF THE UNITED STATES IN HONG KONG
ARE:

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(A) INCREASING THE U.S. SHARE OF THE IMPORT MARKET

BY PROMOTING SALES OF U.S. GOODS AND SERVICES TO HONG KONG
BY BOTH OTM AND NTM FIRMS.

(B) CONTINUATION AND STRENGTHENING OF THE CONGEN PROGRAM
FOR OBTAINING AND DISEMINATING REGIONAL BUSINESS OPORTUNITY
INFORMATION TO THE LARGE NUMBER OF U.S. FIRMS WITH PACIFIC
MARKET REGIONAL HEADQUARTERS IN HONG KONG.

(C) GREATER PARTICIPATION BY U.S. ENGINEERING/CONSTRUCTION AND
SUPPLIER FIRMS IN MAJOR PROJECT CONTRACT AWARDS.

(D) ASSISTING AND INCREASING U.S. TWO-WAY TRADE WITH THE PRC.

(E) FACILITATING U.S. DIRECT INVESTMENT IN HONG KONG.

(F) PROMOTING BUSINESS AND TOURIST TRAVEL TO THE UNITED STATES.
ALSO PORTFOLIO INVESTMENT.

THE CCP IS PRIMARILY DIRECTED AT EXPANDED U.S. BALANCE OF PAYMENTS
EARNINGS FROM HONG KONG AND THE PACIFIC AREA GENERALLY. THE
MAIN CAMPAIGNS SHOULD SERVE TO IMPROVE THE U.S.S. SHARE OF THE HONG
KONG IMPORT MARKET AND ALSO THE USE OF HONG KONG AS A HEADQUARTERS
FOR REGIONAL SALES OF U.S. GOODS AND SERVICES. THE CAMPAIGNS
INCLUDE BUILDING AND CONSTRUCTION EQUIPMENT AND SUPPLIERS: MARINE,
HARBOR, DOCK AND OTHER MATERIAL HANDLING EQUIPMENT;
COMMUNICATIONS EQUIPMENT; ETC. REPORTING ON MAJOR PROJECTS
LOOKS TOWARD INCREASED PARTICIPATION BY U.S. FIRMS IN MAJOR
PROJECT-RELATED CONTRACT AWARDS. IN ADDITION TO ITS OBVIOUS TRADE
PROMOTION ASPECTS, THE RECENT AMERICAN FORTNIGHT AND THE ADDED
INTEREST IN U.S. THAT IT CREATED IS RESULTING IN ONGOING
PROGRAMS FOR PROMOTING U.S. SALES GENERALLY AND SPECIFICALLY.

SECTION II - PERSONNEL RESOURCES UNIT

COMMERCIAL SECTION

CHIEF OF THE COMMERCIAL SECTION - FSO

DEPUTY CHIEF OF THE COMMERCIAL SECTION - FSO

CHIEF OF THE HONG KONG COMMERCIAL UNIT - FSO

TRADE PROMOTION OFFICER - FSO

SECRETARY - FSS

5 PROFESSIONAL - FSL

1 CLERICAL - FSL

2 CLERICAL/PROFESSIONAL - FSL

TOTAL PERSON DAYS: 2860

CCAG - CONSUL GENERAL, DEPUTY PRINCIPAL OFFICER, CHIEF OF THE
COMMERCIAL SECTION, CHIEF OF THE HONG KONG COMMERCIAL UNIT,
PUBLIC AFFAIRS OFFICER AND ADMINISTRATIVE OFFICER.

SECTION III

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PROGRAMMED ACTIVITIES

POST STILL IN BASIC AGREEMENT WITH CCP FY'77 CAMPAIGNS AS OUTLINED
IN HK 2104, DATED 28 FEBRUARY 1975 AND AMENDED IN DRAFT OF CCP
FY77, SECTION II AND IV, RECEIVED ON MARCH 20, 1975. THERE ARE
HOWEVER, SEVERAL CHANGES AND ADDITIONS WHICH WE PROPOSE FOR WCAG'S
CONSIDERATION.

1. PRODUCT CAMPAIGNS

1.1. BUSINESS EQUIPMENT AND SYSTEMS SHOULD BE AMENDED TO

INCLUDE COMPUTERS RATHER THAN HAVING COMPUTERS AS SEPARATE CAMPAIGN. ALSO DELETE PHRASE 'AND \$1 MILLION IN INCREMENTAL EXPORTS.' ALSO CHANGE '74 BANKS WITH NEARLY 600 OFFICER.' TO '74 BANKS WITH 707 OFFICESMJ 1.2 BUILDING AND CONSTRUCTION EQUIPMENT AND SUPPLIES - NO CHANGE.

1.3. MATERIALS HANDLING EQUIPMENT - THIS CAMPAIGN SHOULD INCORPORATE MARINE, HARBOR AND DOCK EQUIPMENT AND THOSE PRODUCTS FALLING UNDER ELECTRO MOTIVE SYSTEMS EXCEPT FOR SUBWAY AND RAILWAY EQUIPMENT. THIS LATTER EQUIPMENT IS INCLUDED IN OUR MAJOR PROJECTS REPORTING.

1.4. RETAIL STORE EQUIPMENT AND SYSTEMS - NO CHANGE.

1.5. MARINE, HARBOR AND DOCK EQUIPMENT - TRANSFER TO 1.3.

1.6. SECURITY EQUIPMENT - NO CHANGE.

1.7. ENERGY SYSTEMS - NO CHANGE

1.8. PACKAGING EQUIPMENT - NO CHANGE.

1.9. ELECTRO MOTIVE SYSTEMS - TRANSFER TO 1.3

1.10. ELECTRONIC COMPONENTS - NO CHANGE.

1.11. COMMUNICATIONS EQUIPMENT - NO CHANGE

W. OTHER PRIORITY CAMPAIGNS

2.1. PLANNING AND PREPARATIONS FOR A POSSIBLE AMERICAN WEEK AND/OR AMERICAN FORTNIGHT IN FALL OF 1977 (FT-1978)

2.2. POST IS SEEKING TO TAKE ADVANTAGE OF THE GROWING BICENTENNIAL INTEREST IN HONG KONG (AND TO BUILD ON THE COMMUNITY COOPERATIVE SPIRIT DEVELOPED DURING THE 1975 AMERICAN FORTNIGHT) BY EXPLORING THE FEASIBILITY OF A COMBINED LIBERTY BELL PROMOTION AND ADVERTISING CAMPAIGN IN COOPERATION WITH THE HONG KONG AMCHAM, LOCAL IMPORTING WHOLESALERS, DIRECT IMPORTERS, ETC. WE ARE NOW QUERYING KEY IMPORTERS AND DISTRIBUTORS OF U.S. GOODS AND SERVICES TO ASCERTAIN LIKELY SUPPORT FOR SUCH A COMMON EFFORT UNDER THE LIBERTY BELL THEME AND LOGO.

3. OTHER PROJECTS

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3.1. HONG KONG AS A REGIONAL AND PRC TRADE CENTER - NO CHANGE

3.2. REPORTING: MAJOR PROJECTS

3.2.1. SUGGEST THE FOLLOWING STATEMENT BE USED: THE HKG HAS APPROVED THE 32 MILE MTR PROJECT. TO DATE FIVE LOCAL CIVIL ENGINEERING CONTRACTS HAVE BEEN AWARDED. ALL TENDERS FOR ELECTRICAL AND MECHANICAL CONTRACTS WERE MADE ON JAN. 12, 1976 WITH THE SUCCESSFUL BIDDERS TO BE ANNOUNCED BY JULY 1976. NO U.S.FIRMS ARE EXPECTED TO BID FOR THE REMAINING CIVIL ENGINEERING CONTRACTS BUT SEVERAL HAVE BID ON ELECTRICAL AND MECHANICAL CONTRACTS. POST WILL CONTINUE REPORTING TRADE OPPORTUNITIES DEVELOPED FROM ALL CONTRACTORS. TO THE EXTENT POSSIBLE WE WILL VISIT ALL CONTRACTORS AND SUBCONTRACTORS TO DEVELOP THEIR REQUIREMENTS FOR U.S. EQUIPMENT AND SUPPLIES.

3.2.4. ADD THIS MAJOR PROJECT AS ONE THAT POST WILL FOCUS ON:
HONG KONG SEWAGE TREATMENT PLANT IN SHATIN - A \$100 MILLION
SEWAGE TREATMENT PLANT EXPECTED TO BE BUILT BY 1980. IT WILL
BE ABLE TO TREAT 60 MILLION GALLONS OF EFFLUENT A DAY. THE
PLANT, TO BE LOCATED ON RECLAIMED LAND IN SHATIN, WILL BE
CONSTRUCTED IN FOUR STAGES. PLANNING IS STILL IN THE
PRELIMINARY STAGE BUT ALL INDICATIONS ARE THAT THE PROJECT WILL
GO AHEAD. AN EXPERIMENTAL TREATMENT PLANT AT SHEK WU HUI
IS NOW IN OPERATION. IN ADDITION, ADB APPROVAL FOR A LOAN
TO HELP FINANCE THE PROJECT HAS ALREADY BEEN OBTAINED.
3.3. HONG KONG - A MARKET FOR TEXTILES AND APPAREL-
POST CONCURS WITH THIS ACTIVITY. NOTE: ONE OF THE MAIN
SEGMENTS OF AMERICAN FORTNIGHT '75 WAS THE PROMOTION OF US
APPAREL. DOZENS OF FASHION SHOWS WERE HELD TO PROVIDE INCREASED
EXPOSURE OF U.S. CLOTHING IN THE HONG KONG MARKET.
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ACTION EA-09

INFO OCT-01 ISO-00 EB-07 /017 W
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R 300822Z JAN 76
FM AMCONSUL HONG KONG
TO SECSTATE WASHDC 8963
USDOC WASHDC

UNCLAS SECTION 2 OF 2 HONG KONG 1201

E.O. 11652: N/A

TAGS: BERP, BFOL, HK

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REF: A) STATE A-7369, 12/10/75; B) HK 2104, 2/28/75; C) DRAFT OF
SECTION II AND IV RECEIVED MARCH 20, 1975

CCC ACTIVITIES - PRIORITY ORDER
BUSINESS EQUIPMENT AND SYSTEMS
MATERIALS HANDLING EQUIPMENT
BUILDING AND CONSTRUCTION EQUIPMENT & SUPPLIES
MAJOR PROJECTS REPORTING
ELECTRONIC COMPONENTS

SECURITY EQUIPMENT

LIBERTY BELL CAMPAIGN

PACKAGING EQUIPMENT

COMMUNICATIONS EQUIPMENT

RETAIL STORE EQUIPMENT AND SYSTEMS

ALSO PLANNING AND PREPARATIONS FOR TENTATIVE FY78 AMERICAN WEEK

AND/OR AMERICAN FORTNIGHT

MAJOR COMPETITION IN EACH PRODUCT CAMPAIGN

1.1 - JAPAN

1.2 - JAPAN, PRC, UK

1.3 - JAPAN

1.4 - JAPAN, UK, HOLLAND, W. GERMANY

1.6 - U.K., JAPAN, W. GERMANY

1.7 - UK

1.8 - JAPAN, UK, W. GERMANY

1.10-JAPAN, TAIWAN, SOUTH KOREA

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1.11-UK

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 30 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
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Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
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From: HONG KONG
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1976/newtext/t1976016/aaaaaefn.tel
Line Count: 247
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 76 STATE A-7369
Review Action: RELEASED, APPROVED
Review Authority: hattaycs
Review Comment: n/a
Review Content Flags:
Review Date: 06 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06 JUL 2004 by schwenja>; APPROVED <22 JUL 2004 by hattaycs>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COUNTRY COMMERCIAL PROGRAM FOR FY '77: SECTIONS I, II AND III
TAGS: BEXP, BFOL, HK
To: STATE COM
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006